

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY BONN IMMEDIATE

C O N F I D E N T I A L STATE 008753

EXDIS

E.O. 11652: GDS

TAGS: PDEV, EGEN, RH, GW

SUBJECT: ZIMBABWE DEVELOPMENT FUND: FRG CONCERNS

REF: (A) BONN 317 (B) BONN 268 (C) BONN 467

1. IN REFTEL (C) EMBASSY RELATES CONCERNS OF UNDER SECRE-
TARY KOLLATZ OF THE ECONOMIC COOPERATION MINISTRY ABOUT
THE PROPOSED ORGANIZATION OF THE ZIMBABWE DEVELOPMENT
FUND.

2. THE FIRST CONCERN OF KOLLATZ IS THAT ANOTHER INSTI-
TUTION WOULD BE CREATED. WE HAVE HELD DISCUSSIONS WITH
THE WORLD BANK ABOUT MEANS OF INCORPORATING THE ZDF INTO
THE WORLD BANK OPERATIONS WE DO NOT BELIEVE THAT THE
ZDF NECESSARILY REQUIRES A NEW ORGANIZATION BUT COULD
BE MANAGED AND OPERATED BY THE WORLD BANK. FURTHERMORE,
WE ENVISION THAT THE ZDF WOULD HAVE A LIMITED LIFE DURING
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A PERIOD OF ECONOMIC TRANSITION AND RESTRUCTURING OF THE
ECONOMY TO ACCOMPANY THE MOVE TO MAJORITY RULE.

3. ANOTHER CONCERN OF MR. KOLLATZ IS THAT ZIMBABWE HAS
A RELATIVELY HIGH PER CAPITA INCOME AND MIGHT NOT NEED
SO MUCH AID. THIS CONCERN IS BASED ON A BASIC UNDER-

STANDING OF ECONOMIC PROBLEMS FACED BY THE FUTURE GOVERNMENT OF ZIMBABWE. (A) PER CAPITA INCOMES AMONG BLACKS ARE FAR BELOW THE AVERAGE PER CAPITA INCOME OF THE COUNTRY. (B) ANY REASONABLE DEVELOPMENT PROGRAM WOULD REQUIRE MASSIVE INVESTMENTS IN AGRICULTURE AND EDUCATION IN ORDER TO RESTRUCTURE THOSE TWO SECTORS TO PROVIDE MORE ECONOMIC OPPORTUNITIES FOR BLACK ZIMBABWEANS. THESE COSTS WILL BE TRANSITIONAL AND VERY LARGE. WE DO NOT EXPECT THE GOVERNMENT OF ZIMBABWE TO BE ABLE TO COMPLETELY FINANCE THIS RESTRUCTURING WITH THEIR OWN RESOURCES. IF POLITICAL PEACE AND STABILITY IS TO BE MAINTAINED IN AN INDEPENDENT ZIMBABWE, THE RESTRUCTURING OF THE ECONOMY SHOULD PROCEED FAIRLY RAPIDLY BUT IN AN ORDERLY FASHION. A SPECIAL INTERNATIONAL EFFORT WOULD ALMOST CERTAINLY BE REQUIRED TO SUPPORT THESE CHANGES.

4. MUCH IS AT STAKE
IN SOUTHERN AFRICA. A NEGATIVE GERMAN ATTITUDE ON THE ZIMBABWE DEVELOPMENT FUND COULD HELP TO UNDERMINE A VERY SENSITIVE SET OF POLITICAL NEGOTIATIONS DESIGNED TO ACHIEVE A PEACEFUL TRANSITION TO MAJORITY RULE. IF THE GERMAN GOVERNMENT SEEMS TO HAVE TECHNICAL DIFFICULTIES WITH THE FUND CONCEPT, WE WOULD BE HAPPY TO SIT DOWN WITH APPROPRIATE OFFICIALS IN BONN OR WASHINGTON TO GO OVER SOME OF THESE PROBLEMS.

5. PRELIMINARY REACTIONS SO FAR FROM OTHER POTENTIAL DONORS HAVE BEEN QUITE ENCOURAGING. THIS INCLUDES THE GOVERNMENTS OF FRANCE, BELGIUM, CANADA, SWEDEN, IRAN,
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NORWAY, LUXEMBOURG, KUWAIT, ITALY AND SAUDI ARABIA.
KISSINGER

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